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# STATE OF INDIANA

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## **School Property Tax Control Board Meeting Minutes September 21, 2006**

The monthly meeting of the School Property Tax Control Board was held on Thursday, September 21, 2006. The meeting was held in the Indiana Government Center South, Conference Center Room 2, 302 West Washington Street, Indianapolis, IN 46204. Those members in attendance were Joe Bronnert, Roger Umbaugh, Denise Seger, Chuck Nemeth, Debbie Hineline, Morris Mills, Dave Bowen, Richard Besinger, Kurt Barrow and Teresa Hemmerle, Administrative Officer.

**Minutes and Discussion:** August 17, 2006 meeting minutes.

**South Madison Community School Corporation, Madison County:** Officials requested approval of a general obligation bond issue in the amount of \$1,750,000. Total project costs are \$2,455,000 with \$705,000 from the Capital Projects fund. The tax rate impact is \$0.03 with no new facility appeal planned. The common construction wage was not required since this project involves no construction. There was no application for a petition and remonstrance process.

**Present for the hearing** was Steve Custer, Business Manager; Joe Buck, Director of Support Services; Lonnie Therber, Therber & Brock and Jane Herndon and Jim Shanahan, Ice Miller.

**Project:** The project consists totally of a land purchase. Eighty-eight acres will be purchased at the approved value of \$27,000 per acre. The land is located adjacent to the Pendleton Heights High School along SR 38. It is believed that in the next five to ten years, a new middle school will be constructed on this land.

**Comments:** The Superintendent spoke about the proposed general obligation bond issue. Officials are requesting a bond issue in the amount of \$1,750,000 for the purchase of 88 acres. A map of the school district was then submitted to control board members. They have three facilities in the town of Pendleton. The property they have a signed agreement to purchase is located next to the high school on County Road 300 West. School officials would request the town annex the property into the town and vacate the road. They own 80 acres currently that is not being used at this time. The site is not a good place to locate a middle school. The plan is to construct a new middle school on this property next to the high school to allow the outdoor facilities to be shared. The price of the land to be purchased is \$27,000 per acre and the purchase will be funded in part with Capital Projects funds.

Mr. Mills asked if the land currently owned by the school district would be liquidated. The Superintendent said this option has not been discussed, but he believes they should hold on to it since land is not getting any cheaper.

Mr. Bowen asked what is included in the contingency amount. Mr. Therber said it would cover potential closing costs or anything that might come up. The Superintendent said the Capital Projects contribution would be decreased if the contingency becomes unnecessary.

Mr. Umbaugh asked if any consideration was given to modify the repayment schedule for less impact eight to nine years out. Mr. Therber said this was discussed with school officials. There is another recent bond issue as well and they would like to pay these small debts off before a larger issue would come up.

Mr. Bronnert asked if appraisals were made on the property. The Superintendent said they had two and they were higher than the selling price. Mr. Bronnert asked if there are buildings on the land currently. The Superintendent said there is an old house on the land. Mr. Bronnert asked why the underwriter fees are so high. Mr. Therber said it is possible this could be a bank loan so there would be no underwriter fee in that case. The fees were not high in his opinion.

**Motion:** Mr. Umbaugh made a motion to approve a general obligation bond issue in the amount of \$1,750,000 with a term of ten years. Mr. Nemeth seconded the motion, which favorably carried 8-0-1. Mr. Barrow abstained from the vote.

**Franklin Community School Corporation, Johnson County:** Officials requested approval of a lease rental agreement with maximum annual payments of \$3,978,000 for a term of 23 years. Total project costs are \$33,000,000. The tax rate impact is \$0.1070 with a new facility appeal rate impact of \$0.02 expected. The common construction wage scale was passed by a 3-1-1 vote with the AFL-CIO representative voting no and the Governor's representative abstaining. There was no application for a petition and remonstrance process.

**Present for the hearing** was Bill Patterson, Superintendent; Steve Millikan, Bill Doty, Darren Thompson and Jeff Mercer, School Officials; Gary Smith, School Attorney; Jim Thompson, Dave Blanton, Dr. Bob Dalton and Alex Nelson, Gibraltar Design; and Jane Herndon and Jim Shanahan, Ice Miller.

**Project:** In 1995, a long range educational plan was developed by Franklin Community School Corporation and in the fall of 2004 a Facilities Study Committee was organized to update the Plan direction and objective since construction of the new Franklin Community High School has been implemented. Discussion of programming and concept planning for the 7/8 Middle School began in the spring of 2005 by gathering information at meetings with administrators, staff and the community. As part of that planning, the use of Franklin Community High School as an educational facility was reconfirmed by unanimous School Board vote, and plans moved forward to convert the high school into a 7<sup>th</sup> and 8<sup>th</sup> grade middle school.

The original high school, built in 1961, has three additions: 1970, 1985 and an auxiliary gym in 2000. Much of the primary mechanical equipment and electrical systems are still the original 45 year old building components or date to the time that the additions were completed.

At the 1028 hearing in October 2005, a middle school concept of remodel, demolition and addition work was presented that established a building configuration providing for 8 “Learning Communities”. Subsequent to the successful 1028 hearing and in response to community comments, the Board directed that some options be provided in order to validate how much remodel versus demolition and new addition work would be done.

The architect, Gibraltar Design, developed four conceptual options for the Board to evaluate how the educational objectives could be implemented with the existing high school building conversion. The existing classrooms’ net square footage average of 750 SF was well below the Department of Education Guidelines of 900 SF for Middle School students. The existing two-story classroom area, with little above-ceiling space, complicated the potential solutions to introduce a new energy-efficient and code compliant HVAC system into those areas. Each of the options included various degrees of remodel, demolition and new addition construction to meet the educational objectives. The construction manager, Geupel DeMars Hagerman, provided conceptual estimates for each option to the Board to consider as part of their evaluation.

At the conclusion of the Board’s evaluation of the conceptual designs and related construction costs, an option was selected that provided the 8 learning communities in a new addition and retained three-quarters of the existing building. Detailed considerations of the remodel work required were balanced against the educational program. Costs for substantial remodel of certain areas, such as the 45 year old kitchen, is offset by minimal work to be done in existing locker rooms, gyms, and pool and newest portions of existing facility. As the project scope of work is finalized, some work may be delayed due to budgetary limitations.

In the remodel component, the project includes replacement of the 45 year old mechanical system including replacement of deteriorated galvanized domestic water lines. Electrical and lighting systems will be replaced to provide adequate outlets and lighting in the existing spaces. Existing six year old boilers will continue to be used and are being supplemented with new high efficiency boilers. Individual room air conditioning units will be utilized in other corporation buildings and 45 year old air handlers are being replaced as part of the new HVAC system. A new automated energy management system will provide control for the HVAC system. The building will have new life safety, fire alarm and sprinkler systems. A new technology system will provide access to the educational technology resources provided at the building and will be linked to the school corporation’s technology center.

In conclusion, the resulting project will be an appropriate modern facility which will serve the education of all 7<sup>th</sup> and 8<sup>th</sup> grade students in Franklin Community School Corporation.

**Comments:** The Superintendent spoke about the project. There have been five facilities committees since 1995 to study needs in the district. They are behind in addressing the growth they are experiencing in the district. There have been updates made at the old high school facility in the past twenty years. Those improvements include a swimming pool in 1986 and

boiler replacement in 1999. The school board wants to continue using the old high school facility and officials feel the building is worth more to the district to use rather than sell. The planning for this project began in January 2006. The initial plan was a \$57 million project to remodel the old high school, build a new elementary and a new administrative facility. The community was concerned about the tax impact of that large of a project and an agreement was reached to remodel the old high school only at a cost of \$37 million. The school board further reduced the budget to \$33 million. This plan when completed in 2008 will also assist in relieving overcrowding at the elementary school level. Officials plan to move the 5<sup>th</sup> grade out of the elementary schools and move them to Custer Baker Middle School, which will become an intermediate school.

Mr. Besinger asked if officials were concerned with the high debt to assessed value ratio. The Superintendent said yes and Mr. Therber agreed. Mr. Therber continued that this project is no surprise to the community and is part of a long term project determined in 1995. The elementary level was addressed first, then the middle school, the high school and converting the old high school is the final piece. This project should complete their needs for several years to come except for the possible need for another elementary if growth continues. Mr. Besinger asked about the growth in the district since 1995. The Superintendent said there were 3,500 students in the district in 1995 and they have 4,950 this year. The Business Manager noted that 500 of those students have come in the past three years.

Mr. Bowen asked about the common wage scale and Ms. Hemmerle said it has been received by the DLGF. Mr. Bowen asked if the new facility appeal was discussed at the 1028 hearing. The Superintendent said yes and was part of the resolution passed by the school board. Mr. Bowen asked if the current enrollment is 840 at the middle school and the Superintendent replied no. The Superintendent explained the current middle school was built for 850 and there are 1,150 students there currently. Mr. Bowen questioned the enrollment reported on the individual building data form. The Superintendent said they will move the 7<sup>th</sup> and 8<sup>th</sup> grade into this facility and they expect 850 students, but are building for 1,150 students. Mr. Bowen calculated 280 square feet per student when this project is completed. Mr. Bowen asked if the building maximum capacity would be 1,100 students or can it handle more. The Superintendent said it is designed to add on to the north end of the building if needed. Mr. Bowen asked if the demolition costs were included in the construction costs. Officials replied yes and the demolition costs are \$357,000. The Superintendent noted that 25% of the current facility will be demolished as the hallways, stairwells and classrooms are too small.

Mr. Mills asked if the building was currently vacant. The Superintendent said it will be at the end of this school year. Mr. Mills asked when the new high school would be completed and the Superintendent said it would be open next fall.

Mr. Umbaugh commented he liked the interim lease rental offsetting the interest as reported on the hearing information sheet.

Mr. Nemeth asked if taxpayers have raised issue with the school, particularly when tax bills are sent. The Superintendent said there is concern and he is aware that some do not get involved until tax bills are received. Officials have tried to discuss facility needs with taxpayers and the

potential impact to tax rates. This is the reason the process has taken so long and discussions did lead to the reduction of the scope of this project.

Mr. Mills asked about the impact of the pending circuit breaker. Mr. Therber stated monies would be available to pay the debt as officials will have to use the General fund if the Debt Service fund is short. Mr. Mills asked about the impact and Mr. Therber was not sure. Mr. Shanahan said attempts to calculate the impact have been made using current data and state officials said they were not using accurate data since the effects of trending was not considered. Mr. Mills asked about the other tax rates in the area. The Business Manager submitted a comparison of their tax rates with other districts in the area. Mr. Mills was interested in the City of Franklin tax rate specifically. Ms. Herndon said the school board does have debt concerns and that is why the project has been reduced. Mr. Mills asked who is affected by the circuit breaker. Mr. Shanahan said it would be a pro rata effect on all units.

Mr. Bronnert asked school officials to reiterate the need for this project. The Superintendent said they are two to four years behind providing space for the growth they are experiencing. All rooms in the five elementary schools are being used for instruction. The capacity at the middle school is 950 and there are 1,150 students there currently. There are children eating lunch in the hallway and losing instruction time. The new high school will address the high school level, but the elementary and middle school levels need space. This project will assist those levels and eliminate the need for a new elementary school. Ms. Herndon noted the community is very active and the newspaper covers the school district heavily. The Business Manager said there was no one in attendance at their recent budget hearing.

Mr. Bowen noted the improvements in student performance the district has experienced.

Mr. Barrow asked about the plans for the unused land in the district. The high school site has room for a middle and elementary school if the school board chose that option. They have 83 acres in the eastern part of the district where the new high school was initial planned to be built. A demographic study will be done in the next year to determine whether to retain that land or sell it to diminish some debt.

**Motion:** Mr. Bowen made a motion to approve a lease rental agreement with maximum annual payments of \$3,978,000 for 23 years. Mr. Bronnert seconded the motion, which carried by a vote of 6-3. Mr. Mills, Mr. Barrow and Mr. Besinger cast the dissenting votes. Mr. Mills said his negative vote was due to financing concerns and he does not question the need. Mr. Besinger felt school officials need to plan more effectively and cannot always have what they want. He said officials could have renovated the old high school to remain a high school and built a new middle school for less money. Mr. Barrow said the district has been before the control board for several projects the last five years and they still do not know what the future needs are in the district. He also felt the school corporation should not be sitting on land that is unused.

**Kankakee Valley School Corporation, Jasper County:** Officials requested approval of a lease rental agreement with maximum annual payments of \$1,745,000 for a term of 12 years. Total project costs are \$6,250,000 with \$1,750,000 from the Capital Projects fund. The tax rate impact

is \$0.13 with no new facility appeal planned. The common construction wage scale was in order. There was no application for a petition and remonstrance process.

**Present for the hearing** was Glenn Krueger, Superintendent; Bill Osburn, Director of Business; Ed Dumas, School Attorney; Tom Durkin, Engineer; Lonnie Therber, Therber & Brock; and Jane Herndon and Jim Shanahan, Ice Miller.

**Project:** The project involves the Middle/High School and is predominantly HVAC work.

**Comments:** The Superintendent spoke about the project. The district has experienced 4% growth in enrollment the past four years. The project involves the replacement of the HVAC system at the middle/high school complex. The high school contains a 35 year old system and the addition has a 20 year old system. The system at the middle school is 30 years old. The facility is in need of a complete replacement of the boiler system. The facility is at capacity currently. The project includes the retrofit of lighting as well. Officials interviewed ten architect and engineering firms and they have received proposals from these firms. The bids ranged from \$5.5 million to \$14 million. Officials had established a budget and they selected a 70% geothermal hybrid system and they expect to save \$150,000 per year in the General fund. They held several public hearings and there has been newspaper coverage and no one has raised an issue with the project. The project cost is \$6,250,000 with \$750,000 from the Capital Projects fund. The new system will be controlled better than the current system.

Mr. Barrow asked when this facility was built. The Superintendent replied the high school was built in 1971 and the middle school in 1979.

Mr. Bowen asked about the purpose of the backup boiler/chiller. Officials answered this system is not designed to be 100% geothermal and this will help on the coldest days. It is a cheaper option as well. Mr. Bowen noted the wage rates are extremely high for this project and pointed out pipe fitters in particular. He said he hoped this was concerned when the construction budget was determined. A school official noted they are located near Lake County which has higher wage scales traditionally.

Mr. Barrow asked if a new middle school is planned in the next five years and the Superintendent replied yes. Mr. Barrow asked what would become of the current middle school and the Superintendent said it would become a 9<sup>th</sup> grade center. Mr. Barrow asked about the current enrollment of the facility. The Superintendent said it is 600 and there are only two open rooms currently and they may need portable classrooms as this project is being completed. Mr. Barrow questioned the need for a new middle school. The Superintendent said the intermediate school is over capacity, the middle school is at capacity and the high school is over by fifteen students. They have a high number of students in the lower grades and a new middle school could relieve these issues.

Mr. Bowen questioned the amount to be financed. The Superintendent said the \$4.5 million is the amount of the bond issue and the total project cost is \$6,250,000.

Mr. Umbaugh questioned the term of the lease. Ms. Herndon said to have a valid lease by statute it is at least twelve years. This lease will terminate in four or five years when the bonds are paid off. The Superintendent said the purpose of the short term is to have it paid off when a new middle school is needed.

Ms. Hineline asked what officials are doing to address the low test scores in the district. The Superintendent said they have established a 9<sup>th</sup> grade center to handle at risk students. They also have an A+ computer program for credit recovery to assist expelled students and those at risk of not graduating. They currently share information with the County Prosecutor's office to stop absenteeism and officials have more plans for the future.

Mr. Mills asked if the district has many foreign language students. The Superintendent said they are getting some currently.

Ms. Hineline asked about the long term plans of the facilities in the district. The Superintendent said the HVAC at two elementary schools will need to be addressed and they would remodel the current middle school area of the high school with the construction of a new middle school. Ms. Hineline asked if officials have a priority list of projects and the Superintendent replied yes.

Mr. Bronnert asked if this project included a guaranteed energy savings contract. Officials considered it, but decided not to do it. The Superintendent said they contain contractual limitations he feels are not best for the students.

**Motion:** Mr. Mills made a motion to approve a lease rental agreement with maximum annual payments of \$1,745,000 for 12 years and a total project cost of \$6,250,000. Mr. Besinger seconded the motion, which favorably carried by a vote of 9-0.

**Scott County School District #2, Scott County:** Officials requested approval of a lease rental agreement with maximum annual payments of \$563,000 for a term of 12 years. Total project costs are \$2,000,000. The tax rate impact is \$0.10 with no new facility appeal planned. The common construction wage scale was passed with the Governor's representative abstaining from the vote. The issue fell below the threshold for a petition and remonstrance process.

**Present for the hearing** was Robert Hooker, Superintendent; Steve Nauman, Business Manager; Scott Veazey, Veazey Parrott Durkin & Shoulders; and Jane Herndon and Jim Shanahan, Ice Miller.

**Project:** The project involves improvements, renovation and expansion of Johnson Elementary School. Four classrooms will be added, expansion of the media center and an adjoining computer lab, upgrade of the technology system, separate rooms for art, music and special education, additional restrooms, upgrade to the administrative area and improved security.

**Comments:** The Superintendent spoke about the project. The project will address needs at Johnson Elementary School, which has 212 students. There are several goals for this project. The two antiquated septic systems will be removed and a new mound wastewater treatment system constructed. There will be two pre-1977 portable classrooms removed and four

classrooms constructed. New restrooms will also be constructed and the walkway will be enclosed that lead to the new classrooms and current kindergarten rooms. The media center and computer lab will be relocated and expanded. The office and nursing areas will be expanded and classrooms and hall lighting will be renovated. The benefits of this project include a safer, more secure learning environment and warmer, more comfortable classrooms. The lighting upgrades will improve vision in the classrooms. The centrally located restrooms that accommodate the special needs children as well as the rest of the population.

Mr. Bowen asked how officials are working to improve persistence to graduation and the number of students who attend college. The Superintendent said he feels the building improvements will help along with the efforts of the staff. Mr. Bowen asked what is being done currently and if the unemployment rate is high in the area. The Superintendent said yes and they have a high number of students in the free and reduced lunch program. Mr. Bowen questioned the capacity not changing for this facility after completion of this project. Ms. Herndon explained the project includes some demolition of current space and will eliminate the use of portable classrooms. Mr. Bowen asked if capacity was not being increased. The Superintendent said more space can be added in the future when it is needed.

Mr. Besinger asked how much the office and nurse areas would be upgraded. The architect said the current office is approximately 240 square feet. This project will add a conference room and nurse area, which is housed in a storage space currently. Mr. Besinger asked how large the conference room would be and the architect said 180-200 square feet.

Mr. Bowen requested floor plans be included with future requests.

Mr. Besinger asked if officials considered funding this project in the Capital Projects fund. The Superintendent said they have been using that fund for other projects such as the heating and cooling systems at the elementary schools. This project was a little too large to fund from the Capital Projects fund. Mr. Besinger asked what other things are being paid out of the Capital Projects fund. The Business Manager replied copier maintenance, minor carpeting projects and some of the utility expenses.

Mr. Bronnert asked about pension bonds. The Business Manager said they are reducing the Bus Replacement fund to offset the pension debt.

The Superintendent noted the school board made a promise for a level tax rate five years ago and they have kept that promise. Mr. Mills noted the school is about 65% of the average assessed value per student and keeping the rates low is commendable.

Mr. Bowen asked how many students are there per classroom and the Superintendent said 18 in kindergarten and up to 29 in the 5<sup>th</sup> grade.

Mr. Nemeth asked if the school board vote was at the September 12, 2006 lease hearing was unanimous and the Superintendent replied yes. Mr. Nemeth asked why the project cost is \$2 million. The Superintendent said it was the size of the project and to keep it below the threshold for a remonstrance. A remonstrance was filed on a project several years ago and meetings were



held with taxpayers to start project planning over. It was determined from those meetings that they needed a new middle school and to renovate the old high school. It is from those meetings that the level debt promise came to be. There were a lot of projects not done in the early 1990's because of disagreements within the community.

Mr. Bronnert asked if this debt would be paid off in four years and the Superintendent replied yes. The Superintendent explained they have recently met with 100 people to discuss future building needs.

Mr. Nemeth asked if non-parent taxpayers were also involved in that discussion and the Superintendent replied yes. Mr. Nemeth noted his concern that this project was not subject to the petition and remonstrance process.

Ms. Hineline asked who would oversee the project. The Superintendent said he and the architect, as well as the Facilities Director.

Mr. Besinger commended school officials for doing many of their projects through the Capital Projects fund.

**Motion:** Mr. Besinger made a motion to approve a lease rental agreement with maximum annual payments of \$563,000 for 12 years. Ms. Hineline seconded the motion, which carried by a vote of 8-1. Mr. Nemeth cast the dissenting vote.

**North Harrison Community School Corporation, Harrison County:** Officials requested approval of a lease rental agreement with maximum annual payments of \$1,035,000 for a term of 22 years. Total project costs are \$11,760,000. The tax rate impact is \$0.2661 with a new facility appeal rate impact of \$0.0047 expected. The common construction wage scale was passed with the Governor's representative abstaining from the vote. There was no application for a petition and remonstrance process.

**Present for the hearing** was Monty Schneider, Superintendent; Robert Chinn and Buddy Busler, School Board members; David Layson, School Attorney; Tim Thoman and Steve Thoman, Performance Services; Jerry Firestone, RQAW; Mark Shireman, Construction Manager; Damian Maggos, City Securities Corporation; and Jane Herndon and Jim Shanahan, Ice Miller.

**Project:** Architectural:

This project is being driven as a result of health and life safety issues. The existing building, which consists primarily of classrooms, is partially covered with earth. This condition has raised various environmental health concerns within the school. The purpose of this project is to resolve these concerns.

To stabilize the environment within the school, the building will be unearthed. There will be a complete replacement of the HVAC system. The exposed exterior walls will be covered with a masonry veneer.

Two classrooms that have been built on the original mezzanine in the gymnasium will be demolished, therefore making this space available for its original intended usage.

The building was originally designed as an open plan concept with classroom pods, which was a popular concept when the school was built. Due to a desire of the school corporation to convert the school to a traditional plan, walls will be installed as a part of the project to give each classroom a specific identification. The original design was planned with four classroom spaces per pod. To make the conversion and to provide appropriate space for each classroom, the new plan will provide three classrooms per pod. This will require an addition to the school to recapture the lost classrooms.

With the removal of the earth from the existing roof structure, it has been determined a second story can be added to the existing building. All accommodations for vertical circulation will be provided to meet the existing code requirements. This second floor will adequately accommodate the additional classroom needs. The walls will be constructed with light weight metal studs and exterior metal panels. A new standing seam metal roof will provide positive drainage and will add color to the building exterior.

#### Structural:

The structural system will be steel framing on existing concrete structure, supporting steel joists and metal decking.

#### HVAC:

Over the past several years there has been great speculation regarding the indoor air quality at North Harrison Lower Elementary School. A few years ago North Harrison Community School Corporation (NHCSC) proactively began researching and planning the renovation of the mechanical systems and reconfiguration of the classrooms in this facility. The primary objective for these improvements was to provide a better learning and teaching environment for the students and staff.

The current mechanical system design is not capable of meeting the environmental criteria that is desired by NHCSC. The existing HVAC and control systems at North Harrison Lower Elementary have produced constant comfort complaints, marginal indoor air quality, high humidity levels, poor control, increased energy costs and wasted maintenance labor. The majority of the mechanical and control systems are well past their useful life and are in need of replacement. The NHCSC, after researching the benefits, accountability and flexibility associated with Guaranteed Energy Savings Contracts (GESCs), decided to utilize this procurement method to address their current HVAC needs.

To provide an Optimal Learning Environment the majority of the existing HVAC and control systems will need to be removed and replaced. The new design will consist of a centralized chilled and hot water plant. New dual temperature piping will be installed throughout the existing building and the new addition. Each classroom will be served by an individual ducted

classroom air-handling unit. The office area will have a separate DX cooling unit for optimal summer operation. All of the new mechanical equipment being installed will have direct digital controls for optimal control and remote trouble shooting capability.

After substantial completion of the HVAC and control renovation the system will be commissioned and optimized over a full year to ensure the environmental criteria are being met.

#### Plumbing:

1. Domestic water service will be supplied from the public water service which extends along the east end of the existing elementary school building
  - The existing service will be replaced with a new combined domestic and fire protection service.
  - The domestic water service will be provided with two parallel RPZ type backflow preventers located inside of the building (prior to the first branch line after the meter).
  - Depending on the available flow and residual pressures available at the point of connection to the public water supply, domestic booster pumps may be required.
2. The existing simplex water softener will be replaced with an appropriate water treatment system to accommodate the additional water demand in the building to deliver soft water throughout the building.
3. The existing sanitary drainage system will be upgraded as required to accommodate the additional load and fixture locations. Drainage will be collected and piped to the on-site sanitary lift station and treatment facility.
4. Natural gas
5. Raw and softened cold water will be extended throughout the facility as required to serve new fixtures and equipment, with backflow preventers provided where necessary.
6. Hot water will be provided to new plumbing fixtures by one (or both) of the following methods, with an appropriate type of temperature maintenance:
  - Connect to existing (re-circulated) hot water systems (when feasible).
  - Or provide small tank (or instantaneous) type water heaters at various locations.
7. White vitreous china plumbing fixtures will be provided with anti-microbial toilet seats and (battery powered) sensor operated faucets and flush valves for improved hygiene.

#### Fire Protection:

1. A new fire protection service will be an extension of the new combined water service as described above under the “plumbing” narrative.
  - An improved backflow preventer will be provided in an exterior meter vault.
2. An improved sprinkler system will be provided throughout the existing facility as well as the new and renovated areas of the building.
  - Depending on the available flow and residual pressures available at the point of connection to the public water supply, a fire pump installation may be required.

### Electrical:

The electrical service will be upgraded along with new lighting in the renovated areas. The high and low voltage systems will be revised to support changes to the heating, ventilation and air conditioning equipment. The voice support and communication systems will also be upgraded.

**Comments:** The Superintendent spoke about the project. North Harrison Community School Corporation is located near Louisville, Kentucky where many taxpayers commute to work. The area consists mainly of homes and small farms and very little industry. The school corporation is comprised of four schools and includes two elementary schools, a middle school and a high school. The project includes the complete replacement of HVAC systems, plumbing and electrical systems which will result in a more efficiently run and better ventilated school. The building was originally designed as an open concept school with four small classrooms per pod. The proposed project will close in walls and enlarge classrooms to three per pod. The proposed project will afford the special education preschool to be located in this building instead of outside the school corporation. The school will have sufficient space for other special education classes. Classes are currently being held in inappropriate spaces and the speech therapist sees her students in a space that was formerly a closet. The project will permit a computer lab to be a dedicated space and is becoming a more pressing need. The facility is currently an earth covered building with only special areas such as the gym, cafeteria, library and office having a traditional roof. It is difficult to find and repair water leaks with the current facility. Unearthing the walls and roof, adding a second floor with a traditional roof will help ease environmental concerns. The project has been discussed at twenty three public meetings of the school board. There was public input at all of the school board meetings and most school patrons are supportive of the project based on no remonstrance petition being filed.

Mr. Bowen asked about the enrollment projections. The Superintendent said they have a larger kindergarten class than expected. They had been decreasing in enrollment and officials feel it will keep growing. Officials may move some students to North Harrison Elementary since there is growth occurring near the other elementary school. Officials anticipate the county sewer project could increase growth in the district in the future. Mr. Bowen asked about the development of the project. The Superintendent said the project was initially to replace the HVAC due to air quality concerns. The other needs came up after discussions with the community. Mr. Bowen asked how bids were being taken. The Architect said it is a traditional bid process through the construction manager. Mr. Bowen asked if the HVAC portion was to be bid and the Architect said no since it is a Guaranteed Energy Savings contract. Mr. Bowen asked if the new addition is included in the energy savings and the Architect replied the HVAC portion. Tim Thoman said it is within the 15% allowed by statute. Mr. Bowen asked about the value of that portion and Steve Thoman replied \$350,000 to \$400,000. Tim Thoman said they are only adding a fan system to that area. Mr. Bowen felt that was stretching the intent of the statute.

Mr. Umbaugh noted he did not receive an amortization schedule, but felt it looked reasonable upon review.

Mr. Bronnert asked about the long range plans of the district. The Superintendent said the high school debt will be paid off in 2012. The buildings in the district are old and the low assessed

value of the district has forced them to be conservative in addressing building needs. The Capital Projects fund for some projects and the buildings are in good shape. The needs on this facility came up earlier than they had anticipated. Mr. Bronnert asked how old the high school is and the Superintendent replied fourteen years.

Mr. Nemeth asked if the district has an Education Foundation. The Superintendent said no, only a Community Foundation. Mr. Nemeth asked if the district receives any riverboat money and the Superintendent replied yes. Mr. Nemeth asked if the county was giving this money to the school district and the Superintendent said yes. Mr. Nemeth asked if these funds were included on this project and Mr. Maggos said it was not included in the maximum payment proposed.

Mr. Barrow asked about the amount being received from riverboat funds. The Superintendent said it is around \$750,000 to \$800,000.

Mr. Mills asked how officials handle setting tax rates with these funds being received. The Superintendent said they advertise the budget and do not know whether they are getting these funds until near the end of the year.

Mr. Barrow asked about the 60 acres at the Ramsey campus. The Superintendent said it is being farmed currently. The land was purchased fourteen years ago thinking it was needed for a new high school in 1992. Officials feel it would be best to keep it to address future growth. Mr. Barrow asked if the school corporation receives cash rent and the Superintendent said yes and it is run by the Ag Department.

**Motion:** Mr. Umbaugh made a motion to approve a lease rental agreement with maximum annual payments of \$1,035,000 for 22 years. Dr. Seger seconded the motion, which carried by a vote of 8-1. Mr. Bowen cast the dissenting vote.

Mr. Mills asked how close this project was to the cost of building a new facility. The Superintendent said it was \$20 million or more with a larger building.

Mr. Bowen commented he believed the \$350,000 was not a competitive bid.

**South Spencer County School Corporation, Spencer County:** Officials requested approval of a lease rental agreement with maximum annual payments of \$1,416,000 for a term of 13 years. Total project costs are \$15,075,000 with \$3,500,000 from the Capital Projects fund. The tax rate impact is \$0.20 and a new facility rate impact of \$0.02 expected. The common wage scale was passed with the Governor's representative abstaining from the vote. There was no application for a petition and remonstrance process.

**Present for the hearing** was Mike Robinson, Superintendent; Eric Ayer, School Attorney; Scott Veazey, Veazey Parrott Durkin & Shoulders; Lonnie Therber, Therber & Brock; and Jane Herndon and Jim Shanahan, Ice Miller.

**Project:** The project involves the two elementary schools of the corporation, Rockport and Luce Elementary Schools. Both schools will be remodeled and expanded.

**Comments:** The Superintendent spoke about the project. They are a small rural district with two elementary schools, a middle school and a high school. The facilities are structurally sound and the addition of a cafeteria would allow an additional 1.5 hours of gym time. Officials also feel they need to be prepared for full day kindergarten. The project also includes space for a new office and conference room. This project has been included in the Capital Projects fund the past five years as funds have been accumulated. A project at the middle school was financed with a ten year bond issue. The Superintendent made it clear to the public that taxes could drop with the middle school project scheduled to be paid off and this project will not increase the tax rate. There was no remonstrance petition filed against this project.

Mr. Mills questioned the numbers on the Individual Project Breakdown for the cost per square foot of the remodel. Mr. Therber said that number is generated automatically. Ms. Herndon continued the formulas are imbedded in the program and cannot be changed.

Mr. Bowen asked if a loose equipment list was provided. Mr. Therber said the \$650,000 includes loose equipment and technology. The Superintendent noted there will be two computer labs added with this project.

Mr. Bronnert asked who would oversee the project. The Superintendent said that has not been determined, but final interviews are next week. They plan to use a clerk of the works or a construction manager. Mr. Bronnert asked if the district is experiencing a small amount of growth. The Superintendent said enrollment has been steady with some slight declines. Mr. Bronnert asked what officials are doing to improve the education in the district. The Superintendent said they need to offer more hands on computer time for students. They are also trying to combat the childhood obesity problem with a new wellness program.

Ms. Hineline asked where the miscellaneous revenue was coming from that is listed on the debt summary. The Superintendent explained they receive rent on space used in the old Rockport High School by community organizations. Mr. Therber said that revenue is not going to the Debt Service fund.

Mr. Besinger said that schools should not be in the business of recruiting and should be more focused on academics. The Superintendent said they currently hold the special education pre-school program at one facility. They have brought in regular students to integrate them with the special needs children and this has been beneficial to the regular students. The extended day kindergarten has grown over the past three years. The Reading Recovery program allows a student to work with a teacher for twenty days for twenty minutes per day to prepare for the ISTEP test. The average class size is 20 to 21 at the elementary level. The school district sends 65% of students to college and another 15% to the military or trade school.

**Motion:** Mr. Bowen made a motion to approve a lease rental agreement with maximum annual payments of \$1,416,000 for a term of 13 years and contingent upon the receipt of an equipment/technology list by the DLGF. Mr. Bronnert seconded the motion, which carried by a vote of 7-2. Mr. Barrow and Mr. Besinger cast the dissenting votes.

**Knox Community School Corporation, Starke County:** Officials requested approval of a lease rental agreement with maximum annual payments of \$350,000 for a term of 5 years. Total project costs are \$1,247,052. The tax rate impact is \$0.074 and no new facility appeal rate impact. The common construction wage scale was not required since there is no construction involved with this proposed lease. The issue fell below the threshold for a petition and remonstrance process.

**Present for the hearing** was Dr. Kimberly Knott, Superintendent; Jim Elizondo, City Securities Corporation and Thomas Peterson, Ice Miller.

**Project:** The project originally made facility improvements to Knox High School and to Knox Elementary School. The current change does not involve any new construction.

The improvements to the high school building included:

- Replacement of all rooftop HVAC units.
- Add air conditioning to the gym and locker rooms.
- Replace all hot water pumps.
- Re-duct the shop area to evenly distribute airflow and improve evacuation of fumes.
- Retrofit all lighting to improve light levels and energy efficiency.
- Replace current roof with a new EPDM roof.
- Install a main entrance vestibule.

The improvements to the elementary school building included:

- Replace current roof with a new EPDM roof.
- Retrofit all lighting to improve light levels and energy efficiency.
- Install drop ceilings to decrease noise levels in the classrooms.

**Comments:** The Superintendent spoke about the request. Officials are seeking approval to move existing debt from the Capital Projects fund to the Debt Service fund. There is no construction involved with this request as the work has already been completed. The project was completed in 2003 and has been funded through the Capital Projects fund. The proposal was subject to the petition and remonstrance process even though it fell below the threshold and no petition was filed by taxpayers. The school board approved this at the September 18, 2006 meeting.

Mr. Besinger asked why officials wanted to move this out of the Capital Projects fund. The Superintendent said there are two issues that need to be addressed that could be through the Capital Projects fund if these payments were not being made in this fund. There are boiler issues at an elementary school and a seam issue between the old and new addition at the facility. Mr. Besinger asked if the severance was an issue. The Superintendent said the offset does come from the Capital Projects fund and that does have an effect on the budget.

Mr. Bowen asked how many years are left on the Guaranteed Energy Savings contract and the Superintendent replied four. Mr. Bowen asked if it has been successful. The Superintendent felt it has been based on the information she has reviewed.

Mr. Mills asked if the Capital Projects fund is reducing and officials said it is being used for tax neutrality purposes. Mr. Mills noted a \$0.075 tax rate will not support \$350,000 with their assessed value.

Mr. Besinger said the severance reduction is going to cause problems down the road. He said school officials need to be stronger with the budgets and contract negotiations. He feels the severance liabilities are not truly being offset when school corporations come in later for debt issues that would have been covered by the Capital Projects fund.

Mr. Mills felt the DLGF needs to take the issues into account when reviewing levy appeals.

Mr. Nemeth questioned the opinion of the DLGF on a similar issue from the last meeting. It was noted that a decision has not been made on that issue.

**Motion:** Mr. Besinger made a motion to deny the request to transfer Guaranteed Energy Savings from the Capital Projects fund to the Debt Service fund. Mr. Mills seconded the motion.

Mr. Bowen asked what option the school would have if this is not approved. The Superintendent said they would have to come back for approval of a bond issue, which is a more expensive option.

Mr. Besinger felt officials should have thought this out as the severance liability was being negotiated.

The Superintendent said they have shut down old facilities and moved students due to the lack of funds to meet capital needs.

Ms. Hineline asked if moving these contracts would free up the funds needed to address the foundation and boiler issues mentioned earlier and the Superintendent replied yes.

The motion was called and failed to carry by a vote of 4-5. Mr. Umbaugh, Dr. Seger, Ms. Hineline, Mr. Bowen and Mr. Bronnert cast the dissenting votes.

**Adjournment:** There was no further business to discuss and the meeting was adjourned.